

HON'BLE SHRI JUSTICE NOOTY RAMAMOHANA RAO

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W.P. No.25512 of 1998

13.7.2007

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Between

J.S.Patwari

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..Petitioner

AND

Indian Drugs and Pharmaceuticals Ltd., Hyderabad ..Respondents
and others

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:: JUDGMENT ::

HON'BLE SHRI JUSTICE NOOTY RAMAMOHANA RAO

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W.P. No.25512 of 1998

This writ petition has been filed to declare the action of the respondents in not paying the retirement benefits from 30.6.1996 onwards to the petitioner, as illegal. The writ petitioner while working as in-charge General Manager retired from service on attaining the age of superannuation of 58 years on the afternoon of 30.6.1996. When he approached the respondents for settling his terminal benefits, the same have been assured to be settled upon receiving certain financial benefits from the Central Government. It is not in dispute that except a sum of Rs.20,000/- which was paid in two separate instalments of Rs.10,000/- each during October, 1996, the writ petitioner did not receive any of the terminal benefits immediately after his retirement from service. A further sum of Rs.15,000/- was released on 31.3.1997 and 2.7.1997. Thus out of total sum of Rs.1,00,000/- payable towards gratuity, a sum of Rs.35,000/- was paid within the first one year from the date of retirement of the petitioner. The balance amount of gratuity was paid in two instalments. In October, 1999, a sum of Rs.5,000/- was paid and on 21.12.2001, the balance sum of Rs.60,000/- was paid. In view of the delay in payment of substantial amount representing the gratuity component itself, the petitioner has been paid interest thereon at the rate of ten per cent. It is represented by the learned Standing Counsel for the I.D.P.L.

that the interest has been paid to the petitioner on 15.5.2002.

Out of Rs.97,904/- payable towards the component of encashment of earned leave, a sum of Rs.5,000/- was paid to the petitioner on 18.6.1999, i.e. nearly three years after his retirement and the balance sum of Rs.92,904/- has been paid to him on 21.12.2001, i.e. after 5 ½ years of sustained pursuit by the writ petitioner. The only reason pleaded for not settling the amounts of terminal benefits to the petitioner was that the I.D.P.L. Company had just become a sick unit and due to financial constraints, it could not settle the terminal benefits payable to the writ petitioner. The reasons pleaded by this once a premier Company, are hardly appealing. However sad the story of the I.D.P.L. might be, the fact remains that retired servants will be able to live with their honour in tact only based upon the terminal benefits which they receive. Any delay in settlement of terminal benefits would only have a telling impact upon their quality and standard of living beyond superannuation. These senior citizens do need compassion to be shown to their cause, and for no fault of theirs, the delay had occasioned in the matter of settlement of terminal benefits. Since the learned Standing Counsel has already informed that the interest component payable on the delayed payment of gratuity had been accomplished, I do not consider it necessary to deal with that aspect of the matter now. But however, the fact remains that a sum of Rs.97,904/- which was otherwise payable to the writ petitioner towards the benefit of surrender of earned leave, there is hardly any justification for paying this amount nearly 5 ½ years after the retirement of the writ petitioner. Payment within a reasonable period of six months is perhaps,

one can consider, as not a delayed payment, but payments made years later cannot be countenanced. Payment of interest is considered as a compensatory measure for the prevention of utilization of the funds by the individual concerned. At the same time, the financial capacity of the organization and the contemporary rates of interest paid by the nationalized banks for the fixed deposits entertained by them, have also got to be kept in mind.

Keeping all these factors in mind, I consider it appropriate to direct the respondents to pay interest at six per cent per annum on the delayed payment of leave encashment component. The interest shall be calculated and paid with effect from 1.1.1997 i.e. immediately after the expiry of six months' period from the date of retirement till the actual payment has taken place. The learned Standing Counsel seeks time for payment of the interest, now ordered. The respondents are directed to pay the writ petitioner the interest on earned leave encashment component within a period of eight weeks from now, but however, the same shall be paid on or before 15.9.2007.

With this, the writ petition stands disposed of. No costs.

NOOTY RAMAMOHANA RAO.J.

13.7.2007

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